

## Message Text

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DRAFTED BY NEA:JCMIKLOS:NEA:SSOBER:GMD

APPROVED BY THE SECRETARY

S/S - WHLUERS

P:JJSISCO

S:SEAGLEBURGER

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN IMMEDIATE

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EXDIS

E.O. 11652: GDS

TAGS: PFOR

SUBJECT: U.S.-IRAN COOPERATION

REF: STATE 48689, TEHRAN 2091

FOR AMBASSADOR FROM THE SECRETARY

1. FOLLOWING THE SHAH'S FAVORABLE REACTION TO OUR PROPOSAL TO BROADEN AND DEEPEN OUR RELATIONS, THE NEXT STEP IS TO SET THE STAGE FOR SUBSTANTIVE AND CONCRETE DISCUSSION OF PRIORITY AREAS OF COOPERATION WE WOULD BOTH WISH TO PURSUE. I WANT IT EMPHASIZED THAT WE VIEW THIS NEW EFFORT AS VERY MUCH AN EQUAL PARTNERSHIP EXCHANGE IN WHICH BOTH SIDES WILL FEEL FREE TO ADVANCE NEW IDEAS AND SUGGESTIONS AND TO DISCUSS THESE FULLY, FREELY AND FRANKLY. PLEASE APPROACH THE SHAH ALONG THE FOLLOWING LINES.

2. WE ARE GRATIFIED BY HIS POSITIVE RESPONSE TO OUR PROPOSAL AND WANT TO MOVE EXPEDITIOUSLY TO GIVE SUBSTANCE IN CONCRETE WAYS TO THE CONCEPT OF BROADENING AND DEEPENING OUR TIES. SINCE OUR FIRST APPROACH TO HIM,

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WE HAVE DEVELOPED SOME SPECIFIC IDEAS WHICH WE BELIEVE

HAVE MERIT AND ON WHICH WE ARE PREPARED TO MOVE PROMPTLY  
ONCE WE HAVE THE SHAH'S REACTION AND ANY SUGGESTIONS HE  
MAY HAVE. WE WANT TO EMPHASIZE FROM THE OUTSET THAT WE  
WISH TO BE RESPONSIVE AND WE DESIRE OUR PLANNING TO BE

IN ACCORD WITH SHAH'S OWN VIEWS AND PRIORITIES. I LOOK  
FORWARD TO DISCUSSING THIS PERSONALLY WITH THE SHAH AT  
A FAIRLY EARLY DATE SO AS TO HAVE THE FULL BENEFIT OF  
HIS OWN VIEWS AS TO HOW WE CAN MOST EFFECTIVELY WORK  
TOGETHER OVER THE ENTIRE RANGE OF OUR MUTUAL INTEREST.

3. WE BELIEVE THERE IS CONSIDERABLE SCOPE FOR EXPANDED  
COOPERATION BETWEEN OUR COUNTRIES IN THE ECONOMIC FIELD.  
IN ORDER TO PROVIDE PROPER FOCUS AND SUITABLE HIGH-LEVEL  
OFFICIAL GUIDANCE, WE SUGGEST THE ESTABLISHMENT OF A  
JOINT ECONOMIC COMMISSION AT THE CABINET LEVEL. ON OUR  
SIDE, WE HAVE CONTEMPLATED THAT THE COMMISSION WOULD BE  
HEADED BY THE SECRETARY OF TREASURY. THIS IS OF COURSE  
UP TO THE SHAH, BUT IN OUR OWN PLANNING FOR THIS COM-  
MISSION WE HAVE BEEN ASSUMING HE WOULD WISH TO DESIGNATE  
EITHER THE MINISTER OF FINANCE OR THE MINISTER OF ECONOMY  
AS THE IRANIAN HEAD. BETWEEN SESSIONS OF THE COMMISSION,  
WHICH MIGHT MEET ANNUALLY OR MORE FREQUENTLY AS IT  
DECIDES, THE BUSINESS OF THE COMMISSION COULD BE CARRIED  
OUT BY STANDING OR AD HOC WORKING GROUPS THAT COULD  
ADDRESS GENERAL AREAS OF CONCERN OR SPECIFIC PROJECTS.

4. WE HAVE NOTED THE PRIORITY THE SHAH GIVES TO  
DEVELOPING ALTERNATIVE MEANS OF ENERGY PRODUCTION THROUGH  
NUCLEAR POWER AND AGREE THIS IS THE AREA IN WHICH WE  
MIGHT MOST USEFULLY BEGIN ON A SPECIFIC PROGRAM OF CO-  
OPERATION AND COLLABORATION. I SUGGEST THIS BE THE  
FIRST WORKING GROUP UNDER OUR JOINT ECONOMIC COMMISSION.  
THE CHAIRMAN OF THE ATOMIC ENERGY COMMISSION IS PRE-  
PARED TO VISIT TEHRAN WITH A TEAM OF EXPERTS TO DISCUSS,  
WITH WHOMEVER THE SHAH DESIGNATES, WAYS AND MEANS BY  
WHICH WE CAN MOST USEFULLY COOPERATE IN THIS FIELD BASED  
ON OUR OWN EXTENSIVE EXPERIENCE.

5. WE ARE ALSO PREPARED TO GET TOGETHER A TEAM OR TEAMS  
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OF EXPERTS TO VISIT IRAN OR TO RECEIVE IRANIAN OFFICIALS  
HERE TO EXPLORE WAYS OF TRANSFERRING U.S. TECHNOLOGICAL  
SKILLS AND KNOW-HOW TO IRAN SO AS TO DEVELOP A  
RESEARCH OR MANUFACTURING CAPABILITY IN OTHER SELECTED  
AREAS IT CONSIDERS OF HIGH PRIORITY. WE HAVE IN MIND  
SUCH AREAS AS WATER DESALINIZATION, SOLAR POWER, AND  
CERTAIN FIELDS OF MECHANICAL AND ELECTRONIC ENGINEERING,  
INCLUDING SOLID STATE ELECTRONICS AND PRODUCTION OF

SELECTED MILITARY END ITEMS. WE WOULD WELCOME THE SHAH'S VIEWS AS TO WHETHER THESE ARE AREAS OF PARTICULAR INTEREST OR WHETHER THERE ARE OTHERS HE WOULD WISH US TO CONSIDER.

6. YOU SHOULD NOTE OUR UNDERSTANDING OF THE SHAH'S HIGH INTEREST IN DEVELOPING A PETROCHEMICAL CAPABILITY WHICH WILL ENHANCE AND DIVERSIFY THE VALUE OF HIS OIL RESOURCES. YOU MAY TELL HIM WE ARE PREPARED TO FIELD A TEAM OF EXPERTS OR TO EXPLORE HERE WITH HIS OWN REPRESENTATIVES CONCRETE WAYS IN WHICH THE U.S. AND IRAN MIGHT COLLABORATE IN BRINGING HIS DESIRES TO REALIZATION.

7. YOU MIGHT ALSO NOTE OUR UNDERSTANDING OF THE SHAH'S INTEREST IN THE FIELDS OF ADVANCED RADAR AND COMMUNICATIONS INCLUDING SATELLITE AND GROUND SYSTEMS, AND THAT WE ARE PREPARED TO DISCUSS WAYS IN WHICH IRAN MIGHT BECOME INVOLVED IN THESE FIELDS. (FYI: WITH REGARD POSSIBLE US TEAMS UNDER 5, 6, AND 7 ABOVE, WE NEED TO EXPLORE HOW MUCH CAN BE DONE THROUGH USG PERSONNEL AND EXISTING OFFICIAL FUNDS, RECOGNIZING THAT PRIVATE INDUSTRY AND EXPERTISE WILL BE NEEDED TO DO THE JOB. YOU SHOULD THEREFORE HANDLE THESE SUGGESTIONS IN WAY TO LEAVE US FLEXIBILITY. END FYI)

8. WE WOULD WELCOME KNOWING OTHER SUBJECTS THE SHAH MIGHT LIKE TO HAVE ADDRESSED FOR PRIORITY ATTENTION UNDER OUR PROPOSED JOINT ECONOMIC COMMISSION. (FYI: WE ARE EXPLORING POTENTIAL FOR COLLABORATION ON COMPLEX PROBLEMS SUCH AS IRANIAN DESIRE FOR ASSURED SUPPLY OF RAW MATERIALS, AND CHANNELING OF RESOURCES TO THE NEEDIEST NATIONS, BUT ARE NOT IN POSITION TO OFFER

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SPECIFICS AT THIS TIME. END FYI)

9. WITH REGARD TO POLITICAL AND SECURITY MATTERS, WE ARE PREPARED TO CONTINUE AND EXPAND THE CONSULTATIONS AND CLOSE TIES WHICH ALREADY MARK OUR RELATIONS AND WHICH WE VALUE GREATLY. WE WOULD LIKE TO FEEL FREE, AND HAVE THE SHAH FEEL EQUIALLY FREE, TO RAISE FOR FULL AND FRANK DISCUSSION BETWEEN US SUCH MATTERS AS OUR COMMON INTEREST IN ACHIEVING A DURABLE PEACE BETWEEN THE ARABS AND ISRAEL AND WHAT WE ARE TRYING TO DO TO HELP ACHIEVE IT; PROBLEMS AFFECTING THE STABILITY OF THE PERSIAN GULF REGION AND THE INDO-PAKISTAN SUBCONTINENT; THE NEED TO ASSURE FREEDOM OF ACCESS THROUGH THE INDIAN OCEAN; AND SUCH EXTRA-REGIONAL MATTERS AS THE PROSPECTS FOR DETENTE BETWEEN US AND THE COMMUNIST POWERS, AND TRENDS IN US

RELATIONS WITH WESTERN EUROPE. WE CONTEMPLATE REMAINING  
IN THE CLOSEST TOUCH ON THE SHAH'S CONCERNS REGARDING  
IRAN'S SECURITY AND ON HOW WE CAN CONTINUE TO COOPERATE  
THROUGH OUR SALES AND TRAINING PROGRAMS IN HELPING TO  
BUILD UP IRAN'S DEFENSIVE CAPABILITY. WE ALSO HOPE TO  
EXCHANGE IDEAS ON HOW CLOSER REGIONAL TIES MIGHT BE  
DEVELOPED, PARTICULARLY BETWEEN IRAN AND SAUDI ARABIA,

TO ENHANCE REGIONAL SECURITY. THROUGH OUR TIES IN CENTO  
AND OTHER CHANNELS WE WILL WISH TO REMAIN IN CLOSE CON-  
TACT ON SOVIET ACTIVITIES AND INTENTIONS THAT COULD

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